

**Arizona Real Estate Broker's License**  
**Instructor's Detailed Outline of Prescribed Curriculum**  
**Minimum 90 hours**

This detailed outline of the prescribed curriculum for the Arizona real estate broker's pre-license course is for instructor use. The course comprises a minimum of 90 hours of classroom instruction and is one prerequisite to filing an application for real estate broker's license.

As a part of the pre-license course, the school is required to show, and students are required to watch, an Arizona Department of Real Estate (ADRE) produced 'Orientation' video/DVD before or during the student's first class session.

Student attendance at all sessions of the prelicense course is required. Attendance includes that the student pay attention to the instructor, participate in class discussions and activities, and complete all assigned exercises and homework.

A student must attend the entire course and successfully pass the school's final examination on the curriculum before the school can certify the student's completion.

Broker candidates must also meet an experience requirement before they may take the state license examination. Please refer to A.R.S. § 32-2124 (A)(1), (2) or (3), as applicable. Specific information and forms are included in the Candidate Information Bulletin ([experioronline.com](http://experioronline.com)).

**ARIZONA DEPARTMENT OF REAL ESTATE**

2910 North 44th Street, Suite 100, Phoenix, AZ 85018

[www.re.state.az.us](http://www.re.state.az.us)

1/7/2006

**Arizona Real Estate Broker's License**  
**Instructor's Detailed Outline of Prescribed Curriculum**  
**Minimum 90 hours**

**1. Real Estate Statutes**

- 1.1. Sources of Real Estate Law
  - 1.1.1. State Constitution - Article 26
  - 1.1.2. Statutes - Federal, State (A.R.S. Title 32, Chapter 20), Administrative Rules
  - 1.1.3. Case Law
- 1.2. Arizona Real Estate Statutes -Title 32 Chapter 20
  - 1.2.1. Real Estate Department Structure - Article 1
    - 1.2.1.1. Commissioner
    - 1.2.1.2. Advisory Board
  - 1.2.2. Licensing -Article 2
    - 1.2.2.1. Parties required to be licensed
    - 1.2.2.2. License exemptions
    - 1.2.2.3. Broker & Salesperson requirements
    - 1.2.2.4. Licensing fees
    - 1.2.2.5. Multiple licenses
    - 1.2.2.6. License transfer
    - 1.2.2.7. Renewal of license
    - 1.2.2.8. Designation(s)
    - 1.2.2.9. Temporary licenses
  - 1.2.3. Practice of Brokerage and Regulations - Article 3
    - 1.2.3.1. Funds -Trust Account
    - 1.2.3.2. Recordkeeping
      - 1.2.3.2.1. cash receipts
      - 1.2.3.2.2. a ledger for each client
      - 1.2.3.2.3. receipts for bank deposits
      - 1.2.3.2.4. pre-numbered trust account checkbook
      - 1.2.3.2.5. duplicate bank deposit slips
      - 1.2.3.2.6. contracts and their folders numbered consecutively, initialed and dated by broker
      - 1.2.3.2.7. escrow instructions and closing statements
      - 1.2.3.2.8. location of records
      - 1.2.3.2.9. forms
      - 1.2.3.2.10. office audit and examinations
      - 1.2.3.2.11. location of bank account
    - 1.2.3.3. Employment Agreements (32-2151.02)
    - 1.2.3.4. Collecting compensation
    - 1.2.3.5. Grounds for denial of license, civil penalty, license suspension or revocation, provisional license
    - 1.2.3.6. Consent Orders, Cease & Desist Orders, Summary Suspensions
    - 1.2.3.7. Restriction on employment or compensation
  - 1.2.4. Requirements for Property Management -Article 3.1 (32-2173)
    - 1.2.4.1. Agreements

**Arizona Real Estate Broker's License**  
**Instructor's Detailed Outline of Prescribed Curriculum**  
**Minimum 90 hours**

- 1.2.4.2. Employment Agreements
- 1.2.4.3. Trust accounts
- 1.2.4.4. Records
- 1.2.4.5. Unlicensed employee activities
- 1.2.5. Sale of Subdivided Lands -Article 4
  - 1.2.5.1. Definition
  - 1.2.5.2. Procedures
  - 1.2.5.3. Issuance of Public Report (see Commissioner's Rules, Article 12)
  - 1.2.5.4. Exemptions
  - 1.2.5.5. Bulk Sales
  - 1.2.5.6. Voidable Sales
  - 1.2.5.7. Advertising Material
  - 1.2.5.8. Inducements
- 1.2.6. Sale of Unsubdivided Land -Article 7
  - 1.2.6.1. Definition
  - 1.2.6.2. Procedure and requirement
  - 1.2.6.3. Issuance of Public Report
- 1.2.7. Real Estate Recovery Fund -Article 5
  - 1.2.7.1. Definition
  - 1.2.7.2. Brokers responsibilities
  - 1.2.7.3. Current changes and updates
- 1.2.8. Cemetery, Real Estate Timeshares  
& Membership Camping -Articles 6, 9 & 10

**2. Commissioner's Rules -Arizona Administrative Code**

- 1.2. License Timeframes
- 2.2. General License Requirements
  - 2.2.1. Non-resident Licenses
  - 2.2.2. Employing Broker- Sole proprietors, Corporations, Limited Liability Companies and Partnerships
  - 2.2.3. Renewal, Reinstatement, Changes,
    - 2.2.3.1. Broker Self-Audit Declaration
  - 2.2.4. Department notification
  - 2.2.5. Branch offices, managers
  - 2.2.6. Professional Corporations, Professional Limited Liability Companies
  - 2.2.7. Temporary Licenses and Certificate of Convenience
  - 2.2.8. Unlawful License Activity
- 2.3. Education
  - 2.3.1. Pre-licensure and state examination
  - 2.3.2. Continuing education
  - 2.3.3. School, course & instructor approval required

**Arizona Real Estate Broker's License**  
**Prescribed Curriculum**  
**Minimum 90 hours**

- 2.4. Advertising
  - 2.4.1. Requirements
  - 2.4.2. Promotional
  - 2.4.3. Owner/agent
  - 2.4.4. Blind ad
  - 2.4.5. Subdivisions, Timeshares & Membership Campgrounds
- 2.5. Commissions -Article 7
- 2.6. Documents -Article 8
  - 2.6.1. Conveying Documents
  - 2.6.2. Offer Acceptance
  - 2.6.3. Contract Disclosure
- 2.7. Professional Conduct -Article 11
  - 2.7.1. Practice, Ethics
  - 2.7.2. Agency - Duties to Client/Customer
  - 2.7.3. Responsibility to Public, Fair Dealing (Duties to all other parties)
  - 2.7.4. Duties to other Licensees
  - 2.7.5. Fiduciary Responsibility
  - 2.7.6. Written Policy Manual
- 2.8. Investigations and Administrative Procedures  
(see also A.R.S. § 41-1092, et seq.)

**3. Agency Relationships & Managerial Duties**

- 3.1. Law of Agency
  - 3.1.1. Types of agents
    - 3.1.1.1. Special
    - 3.1.1.2. General
- 3.2. Agency Relationships
  - 3.2.1. Dual Agency
  - 3.2.2. Single Agency
  - 3.2.3. Sub Agency
- 3.3. Fiduciary
- 3.4. Due Diligence
- 3.5. Misrepresentation & Fraud
  - 3.5.1. Definition
  - 3.5.2. Duty to Discover and Disclose

**Arizona Real Estate Broker's License**  
**Prescribed Curriculum**  
**Minimum 90 hours**

- 3.5.3. Puffing
- 3.5.4. E&O
- 3.6. Creating an Agency Relationship
  - 3.6.1. Expressed
    - 3.6.1.1. Written
    - 3.6.1.2. Oral
  - 3.6.2. Implied
    - 3.6.2.1. Ratified
    - 3.6.2.2. Ostensible
    - 3.6.2.3. Estoppel
- 3.7. Terminating an Agency Relationship
- 3.8. Employment Agreements
  - 3.8.1. Definition
  - 3.8.2. Types
  - 3.8.3. Requirements for an Employment Agreement
    - 3.8.3.1. Listing
    - 3.8.3.2. Buyer's broker
  - 3.8.4. Commissions
  - 3.8.5. Multiple Listing Service/Co-brokerage.

**4. Contracts and Contract Law**

- 4.1. Contract Essentials and Terminology
  - 4.1.1. Expressed contracts versus implied contracts
  - 4.1.2. Unilateral Contracts versus bilateral contracts
  - 4.1.3. Executed contracts
  - 4.1.4. Valid, void, and voidable contracts
  - 4.1.5. Enforceable contracts versus unenforceable contracts
  - 4.1.6. Elements of a valid contract
    - 4.1.6.1. Competent parties
      - 4.1.6.1.1. Of legal age ("emancipated minors")
      - 4.1.6.1.2. Not a ward of the state (mentally ill or incarcerated)
      - 4.1.6.1.3. Not under duress (undue influence/or menace)
      - 4.1.6.1.4. Not under the influence of drugs
    - 4.1.6.2. Offer and acceptance (and proper notification of acceptance)
    - 4.1.6.3. Lawful objective (no conspiracy)
    - 4.1.6.4. Consideration ("valuable" vs. "good")
    - 4.1.6.5. Adequate description of the property/legal description
  - 4.1.7. In writing (Statute of Fraud)
  - 4.1.8. Signed by all appropriate parties
  - 4.1.9. Joinder for contract amendments

**Arizona Real Estate Broker's License**  
**Prescribed Curriculum**  
**Minimum 90 hours**

- 4.2. The Concept "Reasonableness"
  - 4.2.1. Implication
  - 4.2.2. The ordinary, reasonable and prudent person
- 4.3. A "Bona Fide" Purchaser
  - 4.3.1. Definition
  - 4.3.2. Innocent Purchaser for Value
- 4.4. Real Estate Contract Requirements per Arizona Rules and Regulations
  - 4.4.1. Broker Responsibilities -General
  - 4.4.2. Notification of Acceptance
  - 4.4.3. Earnest Money Responsibilities
  - 4.4.4. Responsibilities to Present All Offers
- 4.5. Purchase Contract Concerns
  - 4.5.1. Offer and Acceptance
  - 4.5.2. Amount of Earnest Deposit
  - 4.5.3. Equitable Interest /Equitable Title
  - 4.5.4. Close of Escrow -Actual Occurrence
  - 4.5.5. Risk of Loss Before C.O.E.
  - 4.5.6. Marketable Title
  - 4.5.7. "Time is of the Essence"
  - 4.5.8. Contingencies
  - 4.5.9. Joinder for Contract Amendments
- 4.6. Contract Assignability
  - 4.6.1. Nominee
  - 4.6.2. Assignee
  - 4.6.3. Assignability Problems
  - 4.6.4. Fiduciary Responsibility; Disclosure as Nominee
- 4.7. Contract Termination
  - 4.7.1. Time -appropriate notice of cancellation
  - 4.7.2. Performance
  - 4.7.3. Mutual Agreement
  - 4.7.4. Alteration of Offer
  - 4.7.5. Destruction
  - 4.7.6. Acts of Law
  - 4.7.7. Mistake
  - 4.7.8. Impossibility of Performance
  - 4.7.9. Death of the Parties
  - 4.7.10. Breach of contract
    - 4.7.10.1. statute of limitations
    - 4.7.10.2. remedies

**Arizona Real Estate Broker's License**  
**Prescribed Curriculum**  
**Minimum 90 hours**

- 4.7.10.2.1. rescission
- 4.7.10.2.2 specific performance
- 4.7.10.2.3 damages
  - 4.7.10.2.3.1 liquidated
  - 4.7.10.2.3.2 actual
  - 4.7.10.2.3.3 punitive

4.8. Options and First Rights of Refusal

**5. Property Interests, Estates and Tenancies**

5.1. Property

- 5.1.1. Real versus Personal
  - 5.1.1.1. When can sell manufactured home
  - 5.1.1.2. Affidavit of Affixture
- 5.1.2. Fixtures/trade Fixtures
- 5.1.3. Characteristics of Real Property
- 5.1.4. Land and its Elements
  - 5.1.4.1. Definitions
  - 5.1.4.2. Mineral Rights
  - 5.1.4.3. Air Rights
  - 5.1.4.4. Horizontal Regimes
- 5.1.5. Alternative Housing

5.2. The Estate Concept

- 5.2.1. Estates in Land
- 5.2.2. Freehold Estates
- 5.2.3. Conventional Life Estates
- 5.2.4. Homestead

5.3. Easements

- 5.3.1. Appurtenant
- 5.3.2. Engross
- 5.3.3. Prescription

**Arizona Real Estate Broker's License**  
**Prescribed Curriculum**  
**Minimum 90 hours**

- 5.4. Sole Ownership -Severalty
- 5.5. Co-Ownership -Concurrent Tenancy
- 5.6. Joint Tenancy
- 5.7. Joint Tenancy with Right of Survivorship
- 5.8. Tenancy in Common
- 5.9. Community Property
- 5.10. Community Property with Right of Survivorship
- 5.11. Syndication
- 5.12. Modern Types of Common Ownership
  - 5.12.1. Cooperative
  - 5.12.2. Condominium
  - 5.12.3. Timeshare Ownership
  - 5.12.4. Land Trust
  - 5.12.5. Membership Camping Contracts
  - 5.12.6. Real Estate Investment Trust (REIT)
  - 5.12.7. Joint Venture
  - 5.12.8. Corporations, Limited Liability Companies, Partnerships (General, Limited)

**6. Government Rights in Real Property**

- 6.1. Eminent Domain
- 6.2. Police Power
- 6.3. Escheat
- 6.4. Real Property Taxation
  - 6.4.1. Taxes
    - 6.4.1.1. Residential
    - 6.4.1.2. Vacant land
    - 6.4.1.3. Commercial property
  - 6.4.2. Tax ratios and tax rates
  - 6.4.3. Lien priority
  - 6.4.4. Tax Sale



**Arizona Real Estate Broker's License  
Prescribed Curriculum  
Minimum 90 hours**

6.4.5. Special Tax Assessments/Improvements

**7. Tax Implications on Real Estate**

7.1. Types of Income

- 7.1.1. Ordinary
- 7.1.2. Capital Gain
- 7.1.3. Passive
- 7.1.4. Portfolio
- 7.1.5. Phantom

7.2. Sale of Principle Residence -Examples

- 7.2.1. Computing Gain
- 7.2.2. Deductibility of Expenses
- 7.2.3. Interest Deductions

7.3. Investment Real Estate

- 7.3.1. Depreciation "Cost Recovery"
- 7.3.2. Tax Shelter Concept
- 7.3.3. Tax Deferred Exchanges - Basic Concepts

**8. Water Law**

8.1. Definitions.

- 8.1.1. Erosion and accretion
- 8.1.2. Avulsion, alluvion and alluvium
- 8.1.3. Water table

8.2. Types of Water Sources

- 8.2.1. Aquifers
- 8.2.2. Percolated water
- 8.2.3. Underground rivers
- 8.2.4. Lakes, reservoirs, rivers and streams
- 8.2.5. Central Arizona Project (CAP)
- 8.2.6. Colorado River
- 8.2.7. Effluent

8.3 Water Users

- 8.3.1. Residential, commercial and industrial
- 8.3.2. Municipal (cities, towns, water districts) and private water companies
- 8.3.3. Special users (golf courses, lake developments, recreational)

**Arizona Real Estate Broker's License**  
**Prescribed Curriculum**  
**Minimum 90 hours**

- 8.4. Doctrine of water law applicable to Arizona
  - 8.4.1. Riparian Doctrine
    - 8.4.1.1. Navigable
    - 8.4.1.2. Non-navigable
  - 8.4.2. Doctrine of Prior Appropriation
    - 8.4.2.1. First in time, first in right
    - 8.4.2.2. Reasonable use
    - 8.4.2.3. Beneficial use
  - 8.4.3. Adjudication of Indian Tribe claims
- 8.5. Arizona Groundwater Act of 1980
  - 8.5.1. Reasons for the act
    - 8.5.1.1. Overdraft
    - 8.5.1.2. Subsidence
  - 8.5.2. Arizona Department of Water Resources
  - 8.5.3. Classification of water
    - 8.5.3.1. Groundwater
    - 8.5.3.2. Surface water
  - 8.5.4. Active Management Areas
  - 8.5.5. Irrigation Non-expansion Areas
  - 8.5.6. Grandfathered rights
    - 8.5.6.1. Irrigation
    - 8.5.6.2. Type I Non-irrigation
    - 8.5.6.3. Type II Non-irrigation
  - 8.5.7. Assured water supply versus Adequate Water Supply
  - 8.5.8. Transfer of Well Rights
    - 8.5.8.1. Is it required
    - 8.5.8.2. Transfer request
  - 8.5.9. Other permits and exemptions
    - 8.5.9.1. Service area rights
    - 8.5.9.2. Storage and recovery permits (recharge/percolation)
    - 8.5.9.3. Withdrawal permits
    - 8.5.9.4. Exempt wells
- 8.6. Wetlands in Arizona
  - 8.6.1. Definition
  - 8.6.2. Location in Arizona

**9. Environmental Law / Disclosures**

- 9.1. Regulators
  - 9.1.1. Environmental Protection Agency (EPA)
  - 9.1.2. Arizona Department Of Environmental Quality (ADEQ)
  - 9.1.3. County and City Health Officials

**Arizona Real Estate Broker's License**  
**Prescribed Curriculum**  
**Minimum 90 hours**

- 9.2. Environmental Laws And Regulations
  - 9.2.1. Federal - Comprehensive Environmental Response Compensation & Liability Act (CERCLA)
  - 9.2.2. State - Water Quality Assurance Revolving Fund (WQARF)
- 9.3. Current Issues
  - 9.3.1. Mold
  - 9.3.2. Radon
  - 9.3.3. Asbestos
  - 9.3.4. Lead paint -contract requirements
  - 9.3.5. Underground storage tanks (UST)
  - 9.3.6. Formaldehyde/urea
  - 9.3.7. PCB's
  - 9.3.8. SBS (sick building syndrome)
  - 9.3.9. Pesticides and fertilizers
  - 9.3.10. Alternative wastewater systems/bulletin 12
  - 9.3.11. Wood infestation
  - 9.3.12. Dry wells and on-site retention
- 9.4. Due Diligence And Information Sources
  - 9.4.1. Public information
  - 9.4.2. Environmental audits
  - 9.4.3. Property inspection/observation
- 9.5. Liabilities
  - 9.5.1. Owner and operator
  - 9.5.2. Brokers and agents' disclosures
- 9.6. Remedy Terminology
  - 9.6.1. Abatement/remediation
  - 9.6.2. Management in place / encapsulation

**10. Land Descriptions**

- 10.1. Monuments and Markers
  - 10.1.1. Oldest Method
  - 10.1.2. Occasionally used today
- 10.2. Metes and Bounds
  - 10.2.1. Precise Directional Notations
  - 10.2.2. Primary System Many States
  - 10.2.3. Used as Supplement to Prevailing Descriptive Form
    - 10.2.3.1. metes
    - 10.2.3.2. bounds

**Arizona Real Estate Broker's License**  
**Prescribed Curriculum**  
**Minimum 90 hours**

- 10.2.3.3. directional notation
- 10.2.3.4. P.O.B. (point of Beginning)

**10.3. Rectangular Survey**

- 10.3.1. Meridian
- 10.3.2. Baselines
- 10.3.3. Range Lines
- 10.3.4. Township Lines
- 10.3.5. Correction Lines
- 10.3.6. Quadrangles/Checks
- 10.3.7. Sections
- 10.3.8. Fractional Sections
- 10.3.9. Government Lots

**10.4. Subdivision (Lot, Block and Tract)**

- 10.4.1. Plat of Survey
  - 10.4.1.1. Filed with government office (zoning)
    - 10.4.1.1.1. city
    - 10.4.1.1.2. county
  - 10.4.1.2. Filed with Arizona Department of Real Estate when creating a lawful Subdivision
- 10.4.2. Assessors Maps

**11. Land Development & Construction**

**11.1. Land Development**

- 11.1.1. Growth Patterns - Types
- 11.1.2. Concentric Circles
- 11.1.3. Multiple - Nuclei Theory
- 11.1.4. Wedge Sector Theory
- 11.1.5. Central - Axial Theory

**11.2. Land Planning Terminology**

- 11.2.1. General Plan
- 11.2.2. Master Planned Community
- 11.2.3. Planned Unit Development (PUD)
- 11.2.4. Transportation Plan
- 11.2.5. Buffer Zones
- 11.2.6. Zoning/Changes
- 11.2.7. Non-Conforming Use
- 11.2.8. Variances
- 11.2.9. Grandfathered Rights

**Arizona Real Estate Broker's License**  
**Prescribed Curriculum**  
**Minimum 90 hours**

- 11.3. Environmental Concerns -Impact Studies/Audits
- 11.4. Interstate Land Sales -Requirements
- 11.5. Construction Fundamentals
  - 11.5.1. Soil Preparation
  - 11.5.2. Orientation
  - 11.5.3. Foundation
  - 11.5.4. Roof Framing Styles
  - 11.5.5. Joist, Rafters And Load-Bearing Walls
  - 11.5.6. Exterior Trim
  - 11.5.7. Building Code -Regulations
  - 11.5.8. New Home Builders' Warranties
    - 11.5.8.1. Types of Warranties
    - 11.5.8.2. Brokerage Responsibilities, Liabilities and Awareness

**12. Encumbrances**

- 12.1. Non-monetary
  - 12.1.1. Easements
  - 12.1.2. Deed Restrictions/CC&R's
  - 12.1.3. Encroachments
  - 12.1.4. Clouds
- 12.2. Monetary (lien)
  - 12.2.1. Theory
    - 12.2.1.1. General vs. Specific
    - 12.2.1.2. Voluntary vs. Involuntary
    - 12.2.1.3. Equitable vs. Statutory
  - 12.2.2. Application
    - 12.2.2.1. Financing Liens
    - 12.2.2.2. Property Tax Liens
    - 12.2.2.3. Mechanic's Liens
      - (1) Justification
      - (2) Who has the lien right
      - (3) Pre-lien Notices
      - (4) Costs that cannot create a lien on the property
      - (5) What does a mechanic's lien attach to
      - (6) Priority of mechanic's liens
      - (7) Release or assignment of mechanic's liens
      - (8) Statutory rights/time periods
    - 12.2.2.4. Judgment Liens
      - (1) Creation
      - (2) Recordation

**Arizona Real Estate Broker's License**  
**Prescribed Curriculum**  
**Minimum 90 hours**

- (3) Enforcement and Renewal
- 12.2.2.5. Income Tax Liens

**13. Acquisition and Transfer of Title**

- 13.1 Terminology
- 13.2. Methods of Transfer
  - 13.2.1. Voluntary
  - 13.2.2. Involuntary
  - 13.2.3. Descent
  - 13.2.4. Will
- 13.3. Deeds
  - 13.3.1. Types
  - 13.3.2. Essential Elements
- 13.4. Notice
  - 13.4.1. Actual
  - 13.4.2. Constructive
- 13.5. Adverse Possession (Title and Easement)
- 13.6. Probate
- 13.7. Title Insurance
  - 13.7.1. Types of Policies
    - 13.7.1.1. Standard / Residential
    - 13.7.1.2. Extended ALTA
    - 13.7.1.3. Plain language
    - 13.7.1.4. Homeowner's
  - 13.7.2. Commitment for Title Insurance
    - 13.7.2.1. Schedule A
    - 13.7.2.2. Schedule B
  - 13.7.3. Endorsements

**Arizona Real Estate Broker's License**  
**Prescribed Curriculum**  
**Minimum 90 hours**

**14. Escrow and Settlement (Not Including Math)**

- 14.1. Definitions
- 14.2. Parties to the Escrow
- 14.3. Duties of the Escrow Officer
- 14.4. Settlement Statements
  - 14.4.1. Debits and Credits
  - 14.4.2. Sample Statement and Worksheet
- 14.5. Seller's disclosures required by law

**15. Fair Housing and Americans With Disabilities Act**

- 15.1. Fair Housing Laws
  - 15.1.1. History
    - 15.1.1.1. 1866 Civil Rights Law
    - 15.1.1.2. 1968 Federal Fair Housing
    - 15.1.1.3. Jones vs. Mayer 1968
    - 15.1.1.4. Amendments
    - 15.1.1.5. Equal Opportunity Lending
    - 15.1.1.6. Steering
    - 15.1.1.7. Blockbusting
    - 15.1.1.8. Redlining
  - 15.1.2. 1988 Fair Housing Legislation
  - 15.1.3. Fair Housing Enforcement Provisions
  - 15.1.4. Exemptions
    - 15.1.4.1. Federal
    - 15.1.4.2. State
  - 15.1.5. Penalties for violations
    - 15.1.5.1. Federal
    - 15.1.5.2. State
    - 15.1.5.3. City
  - 15.1.6. Advertising Requirements
- 15.2. Americans With Disabilities Act
- 15.3. Potential Conflicts
  - 15.3.1. Landlord Tenant Act
  - 15.3.2. CC&R's / Deed Restrictions

**Arizona Real Estate Broker's License  
Prescribed Curriculum  
Minimum 90 hours**

**16. Leases and Leasehold Estates**

16.1. Types of Leasehold Estate

16.2. Essentials of a Valid Lease

16.3. Types Of Leases/Payment Plans

16.3.1. Graduated Lease

16.3.2. Index Lease

16.3.3. Percentage/Participation Lease

16.3.4. Net Lease

16.3.5. Gross Lease

16.3.6. Ground Lease

16.3.7. Sale And Leaseback

16.3.8. Rental Agreement

16.3.9. Commercial Lease Vs. Residential Lease

16.3.10. Commercial Leases

16.3.10.1. Types

16.3.10.1.1. gross lease

16.3.10.1.2. net lease

16.3.10.1.2.1. modified

16.3.10.1.2.2. full

16.3.10.1.3. usable area

16.3.10.1.4. rentable area

16.3.10.1.5. load factor

16.3.11. Pass-through

16.3.12. Reappraisal/reevaluation

16.3.13. Roof-top leasing

16.4. Assignment Vs. Subleasing

16.5. Leasehold as Collateral

16.5. Termination Of The Lease

16.5.1. Methods

16.5.2. Bankruptcy Of The Lessee

16.5.3. Foreclosure Of A Mortgage



**Arizona Real Estate Broker's License  
Prescribed Curriculum  
Minimum 90 hours**

**17. Arizona Residential Landlord and Tenant Act**

- 17.1. Purpose
- 17.2. Exceptions
- 17.3. Terms and Conditions of Rental Agreement
  - 17.3.1. Written Agreement
  - 17.3.2. Oral Agreement
  - 17.3.3. Late Charges
  - 17.3.4. Security Deposits
- 17.4. Landlord Responsibilities & Remedies
  - 17.4.1. Fit Premises
  - 17.4.2. Utilities
  - 17.4.3. Rules enforcement
  - 17.4.4. Security Deposit Refund
- 17.5. Tenant Responsibilities & Remedies
  - 17.5.1. Premises Clean and Safe
  - 17.5.2. Landlord Access
  - 17.5.3. Lawful Use
  - 17.5.4. Quiet Enjoyment Nuisance
  - 17.5.5. Self-help Minor Defects
- 17.6. Prohibited Acts of Landlord
  - 17.6.1. Withhold Essential Services
  - 17.6.2. Lockout of Tenant
  - 17.6.3. Distraint -Seizing Tenant's Personal Property for Rent Due
- 17.7. End of Rental Relationship
  - 17.7.1. Constructive Eviction (Chronology)
  - 17.7.2. Actual Eviction (Chronology)
  - 17.7.3. Abandonment
  - 17.7.4. Surrender by Tenant
- 17.8. State And Federal Considerations,
  - 17.8.1. State Occupancy Standards
  - 17.8.2. Fair Housing Laws

**Arizona Real Estate Broker's License**  
**Prescribed Curriculum**  
**Minimum 90 hours**

**18. Property Management**

- 18.1. Licensing Requirements
  - 18.1.1. Exemptions
- 18.2. Owner -Broker Management Agreement
  - 18.2.1. Basic Requirements -per Title 32 Chapter 20, Article 3.1
  - 18.2.2. Salesperson Acting as a Property Manager
- 18.3. Trust Account -Property Management Specifics
- 18.4. Agency Law and the Property Manager
- 18.5. Owner/Tenant Associations
  - 18.5.1. Residential
  - 18.5.2. Commercial
- 18.6. General Property Management Issues
  - 18.6.1. Credit Issues
  - 18.6.2. Privacy Act
  - 18.6.3. Bankruptcy Issues
- 18.7. Arizona Slumlord Abatement Act (A.R.S. 33-1901 et seq.)
- 18.8. Owner Liability
  - 18.8.1. Dangerous Dogs
  - 18.8.2. Drugs and Other Current Legal Issues

**19. Property Insurance And Warranties**

- 19.1. Insurance Terminology
- 19.2. Types Of Properties And Policies
- 19.3. Indemnification
- 19.4. Warranties
  - 19.4.1. Contractors'
  - 19.4.2. Homeowners

**Arizona Real Estate Broker's License**  
**Prescribed Curriculum**  
**Minimum 90 hours**

19.5. National Flood Insurance Program

19.6. Claims History (Clue Report)

**20. Appraisal -Terminology & Concepts**

20.1. Terminology

20.1.1. Appraisal /Appraiser

20.1.2. Value

20.1.2.1. Components of Value (Demand, Utility, Scarcity, Transferability)

20.1.2.2. Objective Value versus Subjective Value

20.1.2.3. Market Value (worth) versus Market Price (Value in Exchange)

20.1.2.4. Types of Value

20.1.2.4.1. Market Value

20.1.2.4.2. Loan (Mortgage) Value

20.1.2.4.3. Insurable Value

20.1.2.4.4. Assessed (Taxable) Value

20.1.2.4.5. Condemnation Value

20.1.2.4.6. Salvage/Residual Value

20.1.2.5. Concepts of Measurements

20.2. Appraisal Concepts and Principles of Value

20.2.1. Highest and best use

20.2.2. Substitution

20.2.3. Change

20.2.4. Anticipation

20.2.5. Supply and Demand

20.2.6. Contribution

20.2.7. Increasing and Decreasing Returns (Marginal Returns) 8. Balance

20.2.9. Conformity

20.2.10. Progression and Regression

20.2.11. Competition

20.2.12. Integration, Equilibrium, and Disintegration (Growth, Stability, Decline,  
and Renewal)

20.2.13. Plottage (Assemblage)

20.2.14. Directional Growth

20.2.15. Orientation

20.2.16. Opportunity Cost

20.2.17. Externalities

20.3. The Appraisal Process

20.3.1. Sales comparison analysis approach to value

20.3.1. Collection and analysis of data

20.3.2. Extraction of component market values

**Arizona Real Estate Broker's License**  
**Prescribed Curriculum**  
**Minimum 90 hours**

- 20.3.3. Adjustments to comparables for features different from the subject
- 20.3.2. Cost Approach to Value (Appraisal by Summation)
  - 20.3.1. Estimation of site value (land value)
  - 20.3.2. Estimation of construction costs (building costs)
  - 20.3.3. Estimation of accrued depreciation from all sources
- 20.3.3. Income Approach to Value
  - 20.3.1. Gross Rent Multipliers versus Gross Income Multipliers
  - 20.3.2. Direct Capitalization
- 20.3.4. Correlation
- 20.4. Appraiser Licensing and Certification
  - 20.4.1. Requirements
    - a. Separate License
    - b. Dual Licensure
  - 20.4.2. Competitive Market Analysis ("CMA")
  - 20.4.3. Appraisal
  - 20.4.4. Broker Price Opinion (Exemption for Real Estate Licensees (A.R.S. § 32-3602 (A)))

**21. Primary Lenders And The Secondary Market**

- 21.1. Primary Lenders
  - 21.1.1. Commercial Banks
  - 21.1.2. Mortgage Brokers And Bankers
  - 21.1.3. Life Insurance Companies
  - 21.1.4. Credit Unions
  - 21.1.5. Private Investor
- 21.2. Secondary Mortgage Market I
  - 21.2.1. Federal National Mortgage Association
  - 21.2.2. Government National Mortgage Association- Pools -Securities
  - 21.2.3. Federal Home Loan Mortgage Corporation
  - 21.2.4. Private Investor
  - 21.2.5. Paper Terminology/Holder In Due Course
- 21.3. Types Of Repayment Plans
  - 21.3.1. Fixed Rate Loan
  - 21.3.2. Level Payment Loan
  - 21.3.3. Straight/Term Loan
  - 21.3.4. Adjustable Rate Loan
  - 21.3.5. Graduated Payment Loan
  - 21.3.6. Open Ended Loan
  - 21.3.7. Blanket Loan
  - 21.3.8. Bi-Weekly Loan

**Arizona Real Estate Broker's License**  
**Prescribed Curriculum**  
**Minimum 90 hours**

- 21.3.9. Reverse Annuity Mortgage
- 21.3.10. Zero Percent Interest
- 21.3.11. Interest Only

**22. Residential Financing**

- 22.1. FHA Title Programs
  - 22.1.1. Qualification of Borrower
  - 22.1.2. Requirements of an FHA Insured Loan
- 22.2. Veterans Administration
  - 22.2.1. Borrower's eligibility
  - 22.2.2. Requirements of a V A Guaranteed Loan
- 22.3. Conventional Loans
  - 22.3.1. Buyer Qualifications
  - 22.3.2. Private mortgage insurance
- 22.4. Seller Carryback/Wraparound
- 22.5. Financial Institutions Reform Recovery Enforcement Act (FIRREA)
- 22.6. Truth in Lending (Regulation Z)
- 22.7. RESPA
- 22.8. Assumption Policies
- 22.8. Federal Reserve impact on interest

**23. Commercial Financing**

- 23.1. Commercial Lending
  - 23.1.1. Types of Loans
    - 23.1.1.1. Land Loans - Investors
    - 23.1.1.2. Acquisition and Development ('A&D') Loans - Subdividers
    - 23.1.1.3. Construction ('Interim') Loans
    - 23.1.1.4. Bridge ('Gap') Loans
    - 23.1.1.5. Permanent ('Take-out') Loans
  - 23.1.2. Sources of Funds
    - 23.1.2.1. Commercial Banks
    - 23.1.2.2. Mortgage Companies
    - 23.1.2.3. Venture Capitalists

**Arizona Real Estate Broker's License**  
**Prescribed Curriculum**  
**Minimum 90 hours**

23.1.2.4. Others

23.2. Government Loan Programs

23.2.1. U. S. Department of Commerce

23.2.2 U. S. Department of Housing & Urban Development (HUD)

23.2.3. Small Business Administration (SBA)

23.3. Alternative Sources of Commercial Capital

23.3.1. Sale of Stock

23.3.1.1. Public Offering

23.3.1.2. Private Placement

23.3.2. Issuance of Bonds

23.4. Financial Analysis

23.4.1. Property Income & Expense Analysis (Annual Property Operating Data)

23.4.2. Capitalization Rates

23.4.3. Cash-On-Cash Returns

23.4.4. Debt Coverage (Net Income-To-Deb) Ratios

23.4.5. Cash Flow Projections

23.5. Uniform Commercial Code Search (Secretary Of State, Corporation Commission)

23.6. Seller Carry-Backs

**24. Financing Documents**

24.1. Financing Theory

24.1.1. Lien Theory vs. Title Theory

24.1.2. Hypothecation vs. Pledging

24.2. Promissory Notes

24.3. Mortgages

24.4. Deeds of Trust

24.5. Agreement for Sale

**Arizona Real Estate Broker's License**  
**Prescribed Curriculum**  
**Minimum 90 hours**

**25. Foreclosure**

25.1. Processes of Foreclosure - Mortgage

- 25.1.1. Filing of legal action
- 25.1.2. Recording Lis Pendens
- 25.1.3. Acceleration of Debt
- 25.1.4. Court Action
- 25.1.5. Sheriff's sales and bidding
- 25.1.6. Sheriff's Certificate
- 25.1.7. Six-month statutory redemption period
- 25.1.8. Sheriff's Deed and delivery
- 25.1.9. Rights of borrower in possession
- 25.1.10. Difference between equity of redemption and statutory right of redemption

25.2 Processes of Foreclosure - Deed of Trust

- 25.2.1. Contrasts to a Mortgage Foreclosure
- 25.2.2. Non-Judicial Foreclosure (power of Sale)
  - 25.2.2.1. Preparation and recordation of Notice of Default and Trustee's Sale
  - 25.2.2.2. Parties required to be notified
  - 25.2.2.3. Use of Request for Notice of Default
  - 25.2.2.4. Trustor's right of reinstatement
  - 25.2.2.5. Absence of acceleration of debt
  - 25.2.2.6. Minimum time period prior to day of Trustee's Sale
  - 25.2.2.7. Trustee's sale and bidding h. Delivery of Trustee's Deed
  - 25.2.2.8. Absence of Statutory Right of Redemption
- 25.2.3. Judicial Foreclosure Alternative

25.3. Deed in Lieu of Foreclosure

- 25.3.1. Cancellation of debt
- 25.3.2. Acquisition by lender subject to prior and subordinate liens
- 25.3.3. Use of Deed in Lieu with estoppel
- 25.3.4. Consideration (Purchaser for Value)

25.4. Proceeds and Lien Priorities Upon Foreclosure

- 25.4.1. Recorded/ Non-recorded Interests
- 25.4.2. Application of Foreclosure Proceeds

25.5. Post-Foreclosure Remedies

- 25.5.1. Terminology
- 25.5.2. Deficiency Judgments
  - 25.5.2.1. Residential
    - 25.5.2.1.1. Arizona Anti-deficiency Statutes
    - 25.5.2.1.2. Exceptions
  - 25.5.2.2. Commercial
    - 25.5.2.2.1. Recourse versus Non-recourse
- 25.6. Forfeiture of Agreement for Sale (aka Land Contract, Contract for Deed, Installment Contract, Land Sales Contract)
  - 25.6.1. Difference between foreclosure and forfeiture
  - 25.6.2. Default by Vendee
  - 25.6.3. Statutory reinstatement periods given to the buyer
  - 25.6.4. Notice of Election to Forfeit
  - 25.6.5. Notices to persons with recorded interests
  - 25.6.6. Completing the forfeiture through the Affidavit of Completion of Forfeiture versus quiet title action
  - 25.6.7. Required use of an account servicing agent to avoid quiet title action

## **26. Bankruptcy And Its Effect On Real Estate Business**

- 26.1. Types Of Bankruptcy Relief
  - 26.1.1. Chapter 7
  - 26.1.2. Chapter 11
  - 26.1.3. Chapter 12
  - 26.1.4. Chapter 13
- 26.2. Impacts On Contracts/Transactions

## **27. Math**

- 27.1. Proration Calculations
- 27.2. Appreciation and Depreciation Calculations
- 27.3. Property Tax Calculations
- 27.4. Net Proceeds Calculations
- 27.5. Loan Interest Calculations
- 27.6. Area and Volume Calculations
- 27.7. Capitalization Calculations
- 27.8. Commission Calculations
- 27.9. Ratio Calculations

## **28. Selling A Business**

- 28.1. When is Real Estate License Not Required, Area of Specialization, Designation
- 28.2. Financial Statements
  - 28.2.1. Balance Sheet
    - 28.2.1.1. assets
    - 28.2.1.2. liabilities
    - 28.2.1.3. equity
  - 28.2.2. Income Statement / Profit & Loss Statement
    - 28.2.2.1. income from sales
    - 28.2.2.2. cost of goods sold
    - 28.2.2.3. operating/manufacturing expenses
    - 28.2.2.4. selling expenses



**Arizona Real Estate Broker's License**  
**Prescribed Curriculum**  
**Minimum 90 hours**

- 28.2.2.5. general and administrative expenses
    - 28.2.2.6. other income and expenses
    - 28.2.2.7. net income before income taxes
    - 28.2.2.8. provision for taxes
    - 28.2.2.9. net income (loss) after taxes
  - 28.2.3. Cash Flow Statement
  - 28.2.4. Statement of Changes in Financial Position
  - 28.2.5. Disclaimer by Tax Preparer
    - 28.1.5.1. audited or unaudited
    - 28.1.5.2. compilation
  - 28.2.6. Accounting Systems Used
    - 28.1.6.1. Cash vs. Accrual
    - 28.1.6.2. Value of Inventory (LIFO/FIFO)
    - 28.1.6.3. Depreciation Methods
  - 28.2.7. Unreported Items
    - 28.1.7.1. income or expenses
    - 28.1.7.2. taxes
    - 28.1.7.3. pending litigation
  - 28.2.8. Owner's Compensation and Perks
  - 28.2.9. Unrelated Business or Personal Expenses
  - 28.2.10. Comparison to Standards of Industry
- 28.3. Legal Forms of Ownership
  - 28.3.1. Proprietorship
  - 28.3.2. Partnership
    - 28.3.2.1. general
    - 28.3.2.2. joint venture
    - 28.3.2.3. limited
    - 28.3.2.4. limited liability company
- 28.4. Professional Limited Liability Company
- 28.5. Trust (REIT)
- 28.6. Corporations
  - 28.6.1. Regular "C"
  - 28.6.2. Subchapter "S"
  - 28.6.3. Public or Private
  - 28.6.4. Closely held
  - 28.6.5. Stock/equity
    - 28.6.5.1. common
    - 28.6.5.2. preferred
    - 28.6.5.3. voting or nonvoting
    - 28.6.5.4. Treasury
    - 28.6.5.5. par value
    - 28.6.5.6. market value
    - 28.6.5.7. minority interests
- 28.7. Value of a Business
  - 28.7.1. Comparison Market Value
  - 28.7.2. Replacement Cost

**Arizona Real Estate Broker's License**  
**Prescribed Curriculum**  
**Minimum 90 hours**

- 28.7.2.1. net asset value
  - 28.7.2.2. adjusted income
    - 28.7.2.2.1. cash flow analysis
    - 28.7.2.2.2. returns to owner(s)
  - 28.7.2.3. goodwill value
    - 28.7.2.3.1. excess earnings technique
    - 28.7.2.3.2. payback analysis
    - 28.7.2.3.3. discounted cash flow analysis
- 28.8. Writing an Offer
  - 28.8.1. Letter of Intent
  - 28.8.2. Offer of Purchase
  - 28.8.3. Conditions of Offer
    - 28.8.3.1. due diligence
      - 28.8.3.1.1. inspection
      - 28.8.3.1.2. audit of records
    - 28.8.3.2. covenant not to compete
    - 28.8.3.3. warranties
    - 28.8.3.4. search of records
      - 28.8.3.4.1. unpaid taxes
      - 28.8.3.4.2. ownership/liens on assets
      - 28.8.3.4.3. seller to train buyer
    - 28.8.3.5. assets/liabilities not included
  - 28.8.4. Assign purchase price to:
    - 28.8.4.1. assets
    - 28.8.4.2. goodwill
    - 28.8.4.3. covenant not to compete
- 28.9. Recording of Interests

**29. Real Estate Management**

- 29.1. Owning/Operating a Real Estate Office
  - 29.1.1. Residential
  - 29.1.2. Commercial
  - 29.1.3. Property Management
- 29.2. Meeting Government Requirements
  - 29.2.1. Federal
  - 29.2.2. State
  - 29.2.3. Local
  - 29.2.4. Payroll
- 29.3. Risk Management
  - 29.3.1. Written Office Policies
  - 29.3.2. Insurance - Types
  - 29.3.3. Mediation Policy
  - 29.3.4. Arbitration Policy
  - 29.3.5. Employees
  - 29.3.6. Independent Contractors

**Arizona Real Estate Broker's License**  
**Prescribed Curriculum**  
**Minimum 90 hours**

- 29.3.7. State and local taxes
- 29.3.8. Interviewing (EEOC)
- 29.4. Supervising, Training and Managing Licensees
  - 29.4.1. Americans with Disabilities Act (ADA)
  - 29.4.2. Fair Housing
  - 29.4.3. Agency Disclosure
  - 29.4.4. Environmental Disclosures
  - 29.4.5. Assistants
- 29.5. Types of Business Ownership
  - 29.5.1. Sole Proprietor
  - 29.5.2. Corporation
  - 29.5.3. Limited Liability Company
  - 29.5.4. Partnership
  - 29.5.5. 'Doing business as' (DBA) Names

**30. Cooperative Nature Of Real Estate**

- 30.1. Professional Boards and Associations
  - 30.1.1. Functions
  - 30.1.2. Standards
- 30.2. Multiple Listing Service
  - 30.2.1. How it works
  - 30.2.2. Who operates it
  - 30.2.3. Types (Residential, other)
- 30.3. Ethics and Professional Conduct
- 30.4. Practice of Brokerage
  - 30.4.1. Compensation
  - 30.4.2. Insurance
  - 30.4.3. Contractor agreements
  - 30.4.4. Expectations
  - 30.4.5. Performance standards
  - 30.4.6. Office policies
- 30.5. Related Careers
  - 30.5.1. Property management
  - 30.5.2. Finance
  - 30.5.3. Appraisal (limited to CMA as licensee)
  - 30.5.4. Property development